

Message Text

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PAGE 01 TAIPEI 02504 220132Z

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SUBJECT: PLASTICS PRODUCTION MACHINERY JEEP TENTATIVELY
SCHEDULED OCTOBER 14-18, 1974

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1. CONSENSUS OF KNOWLEDGEABLE PERSONNEL IN PETROCHEMICAL FIELD IS THAT ALTHOUGH OVERALL DEVELOPMENT PLANS FOR PLASTICS INDUSTRY TEMPORARILY IN ABEYANCE BECAUSE OF SHORTAGE AND PRICE INCREASES OF RAW MATERIALS, PROSPECTS FOR SALES OF PRODUCTION MACHINERY APPEAR PROMISING IN LONGER TERM. ESTABLISHMENT OF LOCAL PLANT TO MANUFACTURE PRODUCTION MACHINERY FOR TAIWAN AND SEA MARKET ALSO WOULD APPEAR TO BE SOUND INVESTMENT.

2. PLASTICS FIELD IS DOMINATED BY HANDFUL COMPANIES HEADED BY FORMOSA PLASTICS GROUP (WHICH INCLUDES TAIWAN'S LARGEST AND FOURTH LARGEST PRIVATE COMPANIES IN SALES: NAN YA PLASTICS CORP, WITH 1973 SALES OF US\$148 MILLION AND FORMOSA PLASTICS CORP WITH 1973 SALES OF US\$88 MILLION.) OTHER MAJOR FIRMS INCLUDE CHINA GULF PLASTICS (19TH LARGEST PRIVATE FIRM), USI-FAR EAST (37TH), WONDERFUL PLASTICS, CATHAY PLASTICS AND YEE FONG.

3. PVC IS MAINSTAY OF TAIWAN'S PLASTICS MANUFACTURING INDUSTRY, COMPRISING ABOUT 50 PERCENT OF TOTAL PLASTICS PRODUCTION. OTHER 50 PERCENT IS COMPOSED OF PE, PS, PMMA, PP, ETC. ANNUAL TOTAL PRODUCTION CAPACITY OF PLASTICS ESTIMATED
UNCLASSIFIED

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PAGE 02 TAIPEI 02504 220132Z

AT 350,000 MT. PROJECTS UNDERWAY AND PLANNED WOULD INCREASE

THIS CAPACITY MARKEDLY, HOWEVER. AT PRESENT, TAIWAN HAS THE CAPACITY TO PRODUCE 108,000 MT/Y OF ETHYLENE, THE ESSENTIAL FEEDSTOCK FOR THE PLASTICS INDUSTRY. WITH COMPLETION OF CHINESE PETROLEUM COMPANY'S (CPC) SECOND NAPHTHA CRACKER IN LATE 1974, ETHYLENE CAPACITY WILL BE INCREASED OVER 300 PERCENT, TO 338,000 MT/Y. CPC'S THIRD NAPHTHA CRACKER SCHEDULED TO COME ON STREAM END OF 1975 WILL INCREASE ETHYLENE CAPACITY TO 568,000 MT/Y. GROC HAS NOT COME TO FIRM DECISION ON WHETHER OR NOT TO BUILD FOURTH CRACKER WHICH WOULD INCREASE ETHYLENE CAPACITY BY END 1976 TO WELL OVER 800,000 MT/Y. IN ADDITION, FORMOSA PLASTICS WILL SHORTLY COMPLETE NEW 240,000 MT/Y VCM PLANT WHICH WILL DRAW ITS ETHYLENE FROM THE SECOND AND THIRD CPC CRACKERS. IN TAIWAN, VCM IS CONSUMED EXCLUSIVELY IN THE PRODUCTION OF PVC. ASIA POLYMERS CORP HAS BEEN FORMED BY GULF OIL AND SEVERAL PARTNERS TO DEVELOP AND OPERATE AN LDPE PLANT OF 100,000 MT/Y. USI-FAR EAST UNDERTAKING LDPE AND HDPE EXPANSION PROGRAM.

4. LOCAL INDUSTRY PRODUCES ALL TYPES OF PVC PLASTICS: INTERMEDIATE GOODS SUCH AS SHEET AND FILM, LEATHER AND SPONGE LEATHER, CORRUGATED ROOFING, EXTRUDED SOFTWARE, PLATE TUBES, EXTRUSION MOLDING, INJECTION MOLDING AND VACUUM MOLDING. CONSUMER GOODS INCLUDE WIDE RANGE OF PRODUCTS SUCH AS RADIO AND TV CASINGS, FAN BLADES, PLASTIC DRAPERIES, SHOES, RAINCOATS, LUGGAGE AND GARMENT BAGS. NAN YA PLASTICS CLAIMS TO BE THE LARGEST PVC SHEETING MANUFACTURER IN THE WORLD.

5. MR. JOHN DORSEY, FULLTIME GROC PETROCHEMICAL CONSULTANT, BELIEVES TAIWAN REPRESENTS BEST MARKET IN ASIA FOR SALES OF US PLASTICS PRODUCTION MACHINERY. DORSEY POINTS OUT THAT MUCH OF ORIGINAL EQUIPMENT CAME FROM JAPAN AND OVER LAST DECADE LOCAL MANUFACTURERS HAVE DUPLICATED JAPANESE MACHINERY. THUS, THERE EXCELLENT OPPORTUNITY FOR SALES NEWEST TECHNOLOGY AND FOR JOINT VENTURE PLANTS TO FABRICATE MACHINERY FOR TAIWAN MARKET AND EXPORT TO SEA. DORSEY BELIEVES SALES OF MACHINERY TO MAKE PLASTIC PIPE ESPECIALLY PROMISING. ALSO, Y.C. WANG, CHAIRMAN OF FORMOSA PLASTICS GROUP RECENTLY TOLD EMBOFF THAT HE WANTS

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PAGE 03 TAIPEI 02504 220132Z

TO SHIFT PURCHASES AWAY FROM JAPAN TO USA. WHILE HE MENTIONED RAW MATERIALS BELIEVE HE ALSO BETTER DISPOSED TOWARD AMERICAN EQUIPMENT PURCHASES.

6. PLASTICS RESEARCH AND DEVELOPMENT CENTER HELD ITS FIRST PLENARY MEETING MARCH 13, 1974. MEETING, WHICH WILL BE HELD QUARTERLY, WAS CO-CHAIRLED BY REPRESENTATIVES OF CHENG KUNG UNIVERSITY, NATIONAL TSING HUA UNIVERSITY,

UNITED INDUSTRIAL RESEARCH INSTITUTE, TAIWAN REGIONAL
ASSOCIATION OF PLASTICS INDUSTRY AND USI FAR EAST CORP
AND ATTENDED BY TOP RESEARCH ENGINEERS FROM MORE THAN TEN
LOCAL PLASTICS MANUFACTURING PLANTS. CENTER HAS BEEN
IDENTIFIED AS ESSENTIALLY ACADEMIC IN NATURE.

7. ANNUAL REPORTS AND OTHER DATA FROM MAJOR LOCAL
PLASTICS MANUFACTURERS BEING SENT BY AIR POUCH. LIST OF
POSSIBLE SEMINAR TOPICS AND PRODUCTS OF GREATEST INTEREST
TO MANUFACTURERS WILL BE FORWARDED AS SOON AS COMPILED.
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